

STATEMENT OF BRUCE SHEAFFER, COMPTROLLER, NATIONAL PARK SERVICE, DEPARTMENT OF THE INTERIOR, BEFORE THE SUBCOMMITTEE ON NATIONAL PARKS OF THE HOUSE RESOURCES COMMITTEE ON THE NATIONAL PARK SERVICE BUSINESS STRATEGIES

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Mr. Chairman, thank you for the opportunity to appear before you at this oversight hearing on National Park Service (NPS) business strategies. The use of effective business strategies to fulfill our core work is one of the key aspects of promoting management excellence—a critical goal of this Administration and one of the NPS's five stated Legacy Goals. How well we fulfill our mission depends on having the right people, with the right tools, in the right organization structures. It requires having clear goals and access to relevant information. As we strive toward management excellence, we are putting in place the people, tools, information, and structures to ensure efficiency, effectiveness, transparency, and accountability in all that we do. We are using a suite of business strategies to achieve these management goals.

The national park idea was conceived in the late 19th Century and the NPS became the vehicle to oversee the achievement of this grand vision in the early years of the 20th century. The idea flourished through the remainder of the century as the National Park System expanded and our responsibilities changed and evolved. The noble park ranger became, for the public, a symbol of preservation and conservation and of visitor protection and assistance, as millions flocked to enjoy the magnificent parks and historic sites. However, as a new millennium dawned, the NPS faced a world and a System far different than that of a century earlier.

Rapid technological advancements, fiscal realities, new challenges, and changing perspectives have necessarily led today's NPS to implement new practices in how we approach our responsibilities and do our jobs. Consistent with the President's mandate for Federal agencies to take actions to improve management efficiency and effectiveness, the NPS has embarked on a path that encompasses several new processes designed to make us more business-like in our management and activities. Private enterprises must continually review their operations, looking for improvements that will allow them to remain viable and competitive in the marketplace. Public enterprises, like the NPS, have no less responsibility to seek out similar efficiencies and opportunities to enhance effectiveness in serving visitors and preserving park natural, cultural, and historic resources.

To stay contemporary, the NPS is pursuing more business-like practices in our management and operations. How we use our funds and how we better manage our resources is at the heart of our efforts. The business planning process is one such effort. Over the past several years, we have adopted four new tools that are improving this process: the park scorecard, a core operations analysis, the budget cost-projection module, and business plans. In addition, the NPS is participating in the use of the Program Assessment Rating Tool (PART), a government-wide initiative that attempts to move agencies toward greater levels of budget and performance accountability. Other areas in which NPS is engaged in improving performance include the concessions program, facility maintenance, the Department's all-in-one business system, and

competitive review processes. Managing for excellence means little without the attainment of quantifiable results. Accordingly, we welcome this opportunity to share with the subcommittee our progress and results in these many areas.

The park scorecard has been developed with two goals in mind: to serve as a management tool for park superintendents, and to aid in the identification and evaluation of base budget increases for park units. The scorecard provides an overarching snapshot of each park's current situation by offering a way to analyze individual park needs and to understand how parks are faring relative to one another, specifically emphasizing the parks' efficiency and performance. The current version of the scorecard has 33 separate measures identified, all of which are grouped into three categories: financial management, organizational management, and strategic performance. A previous version of the NPS scorecard played the critical role in the selection of parks for the additional FY 2005 and FY 2006 operations funding provided by Congress.

Given the competitive budget environment, it is critical that the NPS invest our limited funding wisely. We are therefore utilizing the scorecard in the FY 2008 budget formulation process to help identify those parks that have shown effective and efficient use of their limited financial resources and that have clearly demonstrated how additional investment will increase park performance. The NPS is using this information to develop a national priority list for park base funding requests. The scorecard is also being integrated into the business plan process and will be integrated into the core operations analysis in the near future.

Complementing the scorecard tool is the NPS Budget Cost Projection (BCP) module, a tool that allows park managers to project the financial impact of decisions made today on future park budgets. Park managers work with their regional offices to enter assumptions regarding staffing (e.g. retirements, filling vacancies), pay and benefit changes, inflation, and the cost of meeting new program requirements, over a five-year period. The system then provides a baseline projection of current park operations for the managers to use when seeking to ensure sustainability of their financial health while meeting the requirements of the park during the next five years. The majority of NPS units have completed BCP reviews. The BCP is also an integral component to establishing the baseline for all core operation analyses.

We have also developed a core operations analysis process that integrates management tools to improve park efficiency. This process has been used successfully in many park areas. Each park is seeking to: 1) achieve a level of fixed costs that allows for a greater degree of operational flexibility and capacity to respond to emergencies (this target, set by the park's regional office, limits fixed costs for many parks to 80 percent or less of base funds); 2) pursue efficiencies based on cost-benefit analyses of alternatives; and 3) ensure that each park's appropriated budget relates to core operations and is strongly linked to overall National Park System goals and priorities.

To achieve these goals, the NPS has built upon a framework developed by the Intermountain Region to produce a consistent process for reviewing park units' core operations Servicewide. The minimum requirements of this analysis include:

- using the NPS BCP to determine what impact current fixed cost ratios and staffing will have on park base funding during the next five years;

- comparing this projection with realistic projections of base funding changes over the next five years;
- identifying clear “purpose statements” and operational priorities for each park;
- reviewing and analyzing the current allocation of personnel and resources by each activity, and examining whether the activity is core to achieving the park’s mission;
- identifying current and potential efficiencies to reduce costs, increase mission achievement, or better allocate existing resources;
- developing an action plan to implement recommendations; and
- working with employees to communicate, implement, and adjust the five-year plan.

All seven NPS regions have parks participating in the core operations reviews. To date, 53 park units have completed core operations analyses, and an additional 34 units will complete them in FY 2006. Over a dozen core operations analyses are scheduled for early FY 2007, and over half of the NPS regional offices will have completed their own core operations analyses by the end of FY 2007.

The core operation analysis process is designed to assist park management in making fully informed decisions on staffing and funding alternatives that tie to core mission goals. This will ensure that funds are spent on the highest priority park programs, that funds are spent in an efficient manner, that a park’s request for any additional funding is well supported, and that the park has adequate funds and staff to preserve and protect the resources and administer core operations for which parks are responsible. For example, San Antonio Missions National Historic Site, through the core operations analysis, decided they could combine the administrative officer and special projects officer positions, as well as eliminate a gardener position, and still perform essential core park operations. This resulted in a reallocation of \$150,000 and 2 positions to cover no-net-loss ranger positions and other higher priority activities.

Both the scorecard and the core operations analysis process are used in preparing park business plans. Business plans help parks to focus on operations, develop cost objectives, identify revenue sources beyond appropriated funds, and plan out the highest priority projects for the next three to five years. Our business planning process and products have evolved and improved during the last nine years. Initial plans tended to identify all park activities and establish operational standards and resource requirements for all activities. The earlier process did not focus on assessing whether activities were essential to meeting or enhancing the park’s mission. In the last several years, business plans have begun to focus more on ensuring program effectiveness and efficiency, while at the same time pushing park units to look closely at their current organization for opportunities to increase capacity with existing resources by realigning resources toward higher priority needs first. Our business plans now provide a more realistic roadmap with concrete, attainable strategies for addressing priority needs and park mission goals.

The business plans address strategies for both revenue generation and cost savings. One example of revenue generation is the Blue Ridge Parkway. The Parkway worked with their foundation group to develop a “Friends of the Blue Ridge Parkway” specialty license plate in North Carolina. Current production of these plates has resulted in approximately \$150,000 in additional revenue annually to benefit the park through Friends group activities.

As part of our Business Plan Initiative partnership, the Student Conservation Association (SCA), a nonprofit organization, sends graduate students from top business, government, planning, environmental management, and public policy schools across the country to work at park units during an 11-week summer internship. Over the last nine years, more than 200 students have participated in the program, with many of them now working full time at the park, regional, and national levels. With the help of the SCA interns, another ten business plans will be completed this summer. In addition, the newest crop of business plans will incorporate the results of individual parks' core operations analyses, and the business plan analysis will be supported by park-specific data from the NPS scorecard tool.

Park scorecards, the core operations analysis process, and the business plan initiative have been developed with built-in connections to individual park goals, the NPS Servicewide goals, and the Department's Strategic Plan to assure that all business strategies and processes conform to the Government Performance and Results Act of 1993 (GPRA).

In addition to these measurement tools and methodologies, the NPS is also participating in the use of PART. The Administration established PART reviews as a systematic method of assessing the performance of program activities across the Federal government. It is a diagnostic tool used to improve program performance by reviewing overall program effectiveness, including program design and implementation and the ability to achieve results.

PART reviews have been completed, or are currently underway, for about seventy-five percent of the programs in the FY 2006 NPS budget request. For the current year, the NPS is scheduled to review the U.S. Park Police. The NPS continues to develop performance measures for programs that have insufficient or inappropriate metrics in place and implement recommendations to improve program performance and efficiency. PART evaluations and recommendations continue to inform both budget formulation and program management decisions. For example, PART reviews supported decisions on the Natural Resource Challenge, facility management performance measures, LWCF State grants, and concessions management.

There are several other areas in which the NPS has adopted more business-like practices in its operations. A critically important one is our concessions program, where business consultants have helped bring best business practices to our efforts and develop protocols that focus on the key processes of contracting and contract oversight in all concession contracts. We are also professionalizing our concessions work force by hiring business graduate students and professionals with private-sector credentials to improve the NPS's prospectus and contract development. These practices are helping ensure that park visitors receive the best possible services.

Another key area where the adoption of business practices is demonstrating real results is in facility maintenance. As part of the President's initiative to address the deferred maintenance backlog, NPS has, for the first time, developed an inventory of all facilities in eight industry-standard categories. We will complete comprehensive condition assessments of those facilities, for the first time, by the end of 2006. Those assessments will be critically important in future decisions about the most effective and efficient way to allocate maintenance dollars.

The NPS is also a full partner in the Department's effort to implement an all-in-one business system – the Financial and Business Management System – that will not only replace all of its bureaus' individual finance systems but will also encompass all other business activities such as procurement and travel, and make use of activity-based costing methodology as a tool for best practice identification and the strategic realignment of resources.

The NPS has improved its competitive review process by conducting Preliminary Planning Efforts (PPEs) that expand upon the process outlined in OMB Circular A-76. Our PPEs result in improved efficiency and effectiveness consistent with the President's Management Agenda. The PPE process has produced tangible resource savings and operational efficiencies, typically ten percent over baseline personnel costs. The NPS is reviewing options for the National Parks of New York Harbor and National Mall and Memorial Parks and is conducting PPEs at Indiana Dunes National Lakeshore, San Juan National Historic Site, and Boston National Historical Park, with a focus on facilities maintenance. We are initiating additional PPEs at Harpers Ferry Center and Mammoth Cave Job Corps Center, along with a Servicewide review of our human capital services.

When the results of a PPE suggest that competition might yield greater savings, we will conduct formal competitions with the private sector. One distinct advantage of the PPE process is that we incur costs for conducting formal competitions only when those additional costs have a reasonable likelihood of yielding solid results. NPS is committed to continuing meaningful analyses of our workforce, mission obligations, and organization. We will continue to supplement the PPE process by applying core operations analyses, park scorecards, business plans, and other innovative concepts to supplement our PPE commitments to improved professionalization, efficiencies and effectiveness.

Mr. Chairman, this concludes my statement. I would be happy to answer any questions you or other members of the committee might have.